



**FINANCE, REVENUE AND BONDING COMMITTEE  
PUBLIC HEARING  
MARCH 25, 2022**

**TESTIMONY OF THE MASHANTUCKET PEQUOT TRIBAL NATION  
IN SUPPORT OF**

**H.B. 5474 AN ACT ESTABLISHING A PROPERTY TAX EXEMPTION FOR  
PROPERTY LOCATED ON CERTAIN INDIAN LANDS**

Kuweeqáhsun Neetôpawak (Good morning friends),

Thank you for the opportunity to advocate in support of H.B. 5474. My name is Rodney Butler and I am the Chairman of the Mashantucket Pequot Tribal Nation.

Like you, I am an elected government official. This past November, I was elected to my 7th term on the Mashantucket Pequot Tribal Council and by its end, I will have served my Nation for a total of 21 years. I am grateful to my Tribe for affording me the opportunity to serve as Chairman, the highest level of government office in our Nation, alongside six other distinguished members of the Tribal Council. I share this with you to highlight the fact that like the great State of Connecticut, my Nation is a fully functioning sovereign government. This fact underscores the importance of H.B. 5474 in furthering the government-to-government relationship that the Pequot Tribe and the State of Connecticut have fought hard to develop and maintain over the last 50 years.

Historical context is always important, but probably even more so today as our country strives to better understand and address social, racial and economic injustices built on misguided and harmful policies such as the forced taking of Indian tribal lands and displacement of Indian children. For the Pequot Tribe, like many Native Americans across the country, we have endured massacre, enslavement, prohibitions on speaking our traditional language, restricting the Tribe to a reservation, and then selling our land in violation of federal law. This is not to cast blame; rather to provide the context needed to fully understand why the basic principle of this legislation and the public policy it represents are so critical to the Tribe and State.

At its core, H.B. 5474 codifies the State's recognition of the Tribe's sovereign status and its territory by acknowledging that a municipality created by the State should not enter the Tribe's territory to impose a tax – no different than many other exemptions in state law recognizing federal, state and local sovereign interests. This is based on the essential public policy that would not allow East Hartford to reach into Hartford to extend its tax base or the State of Rhode Island reaching into Connecticut to tax. And, of course, this makes perfect sense – at the most fundamental level, taxes are assessed to provide revenue to a government so that government can provide services within its territory.

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Like the State of Connecticut, the Tribal government develops an annual budget to address the needs of our community, including Tribal Members and non-members who may be employees, vendors or patrons. These needs and services include everything from housing, health care, and public safety to education, employee safety, land use regulation, child and elder care, and economic development. Given the history of tribes in the United States and the Reservation system, there is very little tax base to support services that the tribes, as governments, need to provide.

It is important to understand that it is the Pequot Tribe, not any other local government, that is providing and funding the governmental services on the Reservation. As a separate sovereign, the Pequot Tribe provides government services on its Reservation including, but certainly not limited to:

- A police force of 22 officers (with near-term plans to expand to 30 officers) who are all CT POST certified, and many of whom have many years of experience in policing from across the New England area. Under the Policing Memorandum of Agreement with the State, the Tribal Police, not State police, is the police force covering the Reservation, including the gaming and resort facilities.
- A public safety building that is home not only to our police force, but also our fire department, which includes fire marshals, and participates in mutual aid agreements with surrounding jurisdictions off-reservation, and emergency dispatch. This also includes:
  - A fleet of 14 police vehicles;
  - Several full-service fire trucks;
  - 3 all-terrain vehicles;
  - 6 male and 3 female holding cells;
  - An Automated Fingerprint Identification System (AFIS),
  - A 6-lane indoor gun range that is used by a number of Federal officers and local police departments as a training facility.
- A judicial system that includes both trial and appellate level courts and a system used for dispute resolution in most of our contractual arrangements.
- A Community Center that includes:
  - Our government center and Tribal Council Chambers;
  - A swimming pool and a full-size basketball court that are utilized by surrounding towns;
  - A cafeteria and recreation room that services after-school programs for our members;
- An Early Childhood Care and Education Center.
- A range of cultural preservation and educational initiatives, including but not limited to the operation of the Mashantucket Pequot Museum and Research Center, a 300,000 square foot complex that serves as a major resource on the histories and cultures of our Tribe and Native Americans in the northeast, as well as the rich natural history of the eastern woodlands.
- Residential neighborhoods that support over 300 people living on reservation.

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- Numerous Tribal Regulatory agencies and operations including Tribal Occupational Safety and Health, Mashantucket Employment Rights Office, Mashantucket Pequot Land Use Commission (covering Historic Preservation, Building Code Enforcement, Fire Prevention, etc.), Natural Resources and Environmental Protection, Gaming Regulation Health Inspectors for all food outlets, spas and pools, a Housing Department and Education Department.
- A Public Works Department responsible for servicing and maintaining all our roads and infrastructure needs.
- A Tribal Utilities Department that operates our water and waste water facilities, which serve the entire Reservation, including the millions of guests who visit Mashantucket each year.
- A natural gas fired cogeneration facility that generates 15MW of electricity with excess steam from its operation generating an additional 3MW, all of which help to supply power to 9 million square feet of space at Foxwoods and across the reservation, and provide cleaner-emitting, reliable, and cost-effective energy that has enabled our Tribe to take greater control over our energy needs.

The Tribe self-funds upwards of \$30 million annually for these Reservation services that benefit not only members, but vendors providing products and services on the Reservation as well as employees and patrons. The surrounding jurisdictions do not provide services on the Reservation. Based on our limited population, some of our residents do receive educational services in adjacent jurisdictions; however, the costs of those services are largely reimbursed through federal dollars, distributions from the Pequot-Mohegan Fund, and PILOT payments from the State. Moreover, the Tribe is one of the largest taxpayers in two of our surrounding communities, owning a hotel in Ledyard along with many other properties, and a 36-hole golf course, related facilities and other property in North Stonington. In 2021 alone, the Tribe paid nearly \$800,000 in tax dollars to Ledyard and more than \$500,000 to North Stonington in connection with property that we own in those municipalities. Further, the majority of the property tax that the Tribe pays to Ledyard is for our Two Trees Inn, which is adjacent to Mashantucket. Because of its proximity to our infrastructure, the Tribe provides all government services to Two Trees except for policing (sharing that service with Ledyard), even though the property is located in Ledyard, not Mashantucket.

You will no doubt hear about litigation between the Tribe and the Town of Ledyard and a Second Circuit decision that said Ledyard's taxation of certain slot machines leased to the Tribe was not preempted by federal law. First, the district court in that case found exactly opposite to the Second Circuit, which demonstrates that courts have ruled differently on this issue. In fact, the Oklahoma Supreme Court (not a court known for its pro-tribal decisions) ruled similarly to the Connecticut district court and disagreed expressly with the Second Circuit in a nearly identical case. Second, and more importantly, that is one case with one set of facts and does not speak at all to whether this is good tax policy or public policy supporting the strong government-to-government relationship between the Tribe and the State. Accordingly, we believe it is appropriate for the Connecticut legislature to take up and resolve this issue holistically as proposed, doing so on a government-to-government basis with the Tribe.

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While the Tribe and the State have been at odds at times, more often we have worked together on a governmental level to come to agreements and policies that are beneficial to the citizens of Connecticut and the citizens of the Tribe. Obvious examples include the Slot MOU, which has netted the State over \$7 billion over the years from both tribes, the Policing MOA, the recent online gaming agreements, coordination and agreement related to Indian Child Welfare work, and an agreement related to the DMV and cars garaged on the Reservation.

I hope my description of the Tribe and its governmental services clearly illustrates that our Reservation extends well beyond the footprint of Foxwoods and that it is our government that supports the needs of our vendors (and others) in terms of government services. Yet by virtue of one case and the general lack of clarity in this area, we are compromised in our ability to fully tax vendors operating on our land for the services they utilize because another government that does not provide these services levies an assessment within our jurisdiction against those vendors. This leaves the Tribe with a choice – impose a second tax on those vendors and discourage business activity within Mashantucket, or forego those taxes that could otherwise help to fund the governmental services being provided on the Reservation. It is a lose-lose proposition for the Tribe, and inherently unfair, taking us back to a time when the federal government questioned tribes' abilities to govern themselves. That policy was abandoned in the 1960s and for good reason. Tribal self-determination and self-government now guide federal policy instead, recognizing that tribes are best positioned to know the needs of their communities.

Importantly, H.B. 5474 solely addresses personal and real property within Indian country (i.e., on reservation) and does not impact any of the taxes the Tribe currently pays towns for property owned outside its territory, such as the nearly \$800,000 paid to Ledyard in 2021, or the more than \$500,000 paid to North Stonington. These property taxes paid by the Tribe fund any services that the towns provide off-reservation. H.B. 5474 will have absolutely no impact on the taxes we pay on that property, or the property we own in Norwich, Preston, or any other municipality outside the Reservation.

Similarly, this legislation does not impact any agreement between a tribal government and neighboring town. For example, we understand that there is an agreement that was negotiated at the time of the Mohegan Tribe's Settlement Act whereby the Mohegan Tribe makes payments in lieu of taxes to the Town. This legislation does not preclude such payments, nor any other agreement that a tribal government and neighboring town wish to enter in the future. Each tribe is a distinct sovereign government with unique Reservation services, facilities, laws, and governmental structures.

The Town of Ledyard, in particular, receives a number of benefits due to its proximity to our Reservation, including:

- \$1,600,000 Federal Reimbursement Impact Aid for Military and Tribal students;
- \$141,000 from the regular distribution of the Pequot/Mohegan Fund;

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- \$750,000 as a Casino Host Town;
- \$500,000 Extra Recognition Funds committed in 2021;
- \$379,330 for 100% PILOT Reimbursement for land taken into trust; and
- Benefits associated with Tribal Infrastructure Grant Funds.
- Mutual aid support from our public safety departments.

We estimate the financial impact of this legislation for Ledyard at roughly \$400,000 annually.

To us, this issue is a matter of respecting tribal sovereignty and treating us no different than any other government would be treated. Without the ability to control and govern our territory and impose taxes to support Reservation services provided by the Tribe (not the towns), everything from maintaining our Reservation to fostering our economic development efforts is undermined. As we have demonstrated and documented through a recent economic impact study, what benefits us economically also benefits the region and the state at-large through increases in income tax, sales tax, slots share and other revenue shares on which we have come to mutual agreement with the State. This issue stands alone and should be resolved. We have always supported the efforts of local towns – including Ledyard – to draw down more state and federal funding generated by virtue of our operations. We hope they will in turn support us now.

If the State feels there is a need to provide more funding to Ledyard due to this legislation or for any other reason, there is another bill in the Appropriations Committee that will do just that. S.B. 452, An Act Concerning the Mashantucket Pequot and Mohegan Fund, brings the whole fund up to approximately \$146 million from its current \$50 million level, assuring that every city and town benefits from the fund. From the inception of the slots deal with the State in 1993, it has been a priority for the Tribe to see dollars allocated to municipalities because we understand all too well what it takes to run a government and we want to make sure that the State's cities and towns share in the success of our venues.

Thank you for your consideration. We respectfully ask for your support of H.B. 5474.

Wuyámu. (Be well.)

Rodney Butler  
Tribal Chairman,  
Mashantucket Pequot Tribal Nation